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FEATURES OF MAJOR FEDERAL PAY SYSTEMS

GENERAL SCHEDULE

Coverage (1.4 million employees)

- o most white collar and protective employees (e.g., guards and firefighters) in grades 1-12;
- o those in grades 13-15 who are not covered by PMRS (PMRS covers supervisors and management officials); and
- o certain scientific/technical people in grades 16-18 who are not covered by the SES.

Pay Ranges

- o Grades 1-15 contain 10 steps. Highest step is approximately 30% higher than the lowest; each step approximately 3% higher than the next lower step.
- o Grades 16, 17, and 18, have only 9, 5 and 1 steps, respectively.

Basic Pay

Annual (Comparability) Pay Adjustment.

- o All employees receive full comparability raises, the percentage determined by the President, unless overridden by Congress--no agency flexibility or performance requirement.

Within-grade increases (WGI) of approximately 3%

- o WGIs every 1, 2, or 3 years based on position in the pay range.
- o Performance must be rated at an acceptable level of competence (at least Fully Successful)--agency has flexibility to assess performance.
- o Assuming FS performance or higher and no QSI, takes 18 years to move through range.

Quality Step Increases (QSI).

- o QSIs may be given at any time for outstanding performance. Advances employee to next higher step (3% increase) earlier than normal waiting period.
- o Can be given to an employee once in 52 weeks.
- o Does not require a new waiting period for the next WGI.

Performance Awards

- o Lump-sum cash awards based on performance - at agency discretion.

Incentive Awards

- o Lump-sum cash or non-monetary awards for special acts or services, suggestions and inventions.
- o Use of awards varies widely among agencies; government-wide average about one-half of one per cent.

Promotions.

- o An employee promoted to a higher grade receives a raise equal to at least two step increases in the lower grade (approximately 6%).

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Overtime

- o Employees who work overtime (generally over 8 hours in a day or 40 in a week) are paid $\frac{1}{2}$ times the hourly rate, up to the rate for GS-10, step 1. Employees earning over GS-10, step 1 receive overtime pay at $\frac{1}{2}$ times the GS-10, step 1 rate. Certain employees may request, or may be required to take, compensatory time off instead of overtime pay. Employees covered by the Fair Labor Standards Act have no limit on amount of pay received for overtime work.

PERFORMANCE MANAGEMENT AND RECOGNITION SYSTEM

Coverage (126,000 employees)

- o White collar supervisors and management officials in grades 13-15.

Pay ranges

- o Each grade has the same minimum and maximum pay as the General Schedule.

Annual (Comparability) Pay Adjustments

- o Employees receive comparability increases based on management's assessment of their performance.
 - Fully Successful and above get full comparability increase.
 - One level below Fully Successful get $\frac{1}{2}$ increase.
 - Unacceptable do not get any part of comparability increase.

Within-grade Equivalent Increases (called merit increases)

- o Employees receive the within-grade equivalent (approximately 3%) in October based on management's assessment of their performance and position in the pay range.
 - All employees Fully Successful and above in first 1/3 of pay range get full increase.
 - Employees in top 2/3 of pay range:
 - Outstanding get full increase.
 - One level above Fully Successful get $\frac{1}{2}$ increase.
 - Fully Successful get 1/3 increase.

Performance Awards

- o All employees Fully Successful and above eligible for one-time lump-sum bonus.
- o Outstanding must get 2% and may get up to 10% of salary.
- o Unusually Outstanding may be up to 20% of salary.
- o Bonus discretionary for Fully Successful and one level above.
 - No minimum-maximum 10%.

Performance Award Funding

- o Mandatory minimum and maximum funding levels.
 - Minimum of .75% of PMRS payroll (in 1985) increasing incrementally to 1.15% in FY 1989.
 - Maximum of 1.5% of PMRS payroll.

Incentive Awards

- o Lump-sum cash or non-monetary awards for special acts or services, suggestions and inventions.

Promotions

- o An employee promoted to a higher grade receives a 6% increase over previous salary.

SENIOR EXECUTIVE SERVICE

Coverage (6800 employees)

- o Managerial and executive positions in the executive branch above GS-15 of the General Schedule or in Level IV or V of the Executive Schedule, or equivalent positions, which do not require appointment by the President with Senate confirmation.
- o Includes some positions in which employees do not direct the work of an organizational unit, but do exercise important policy-making, policy-determining, or other executive functions.

Basic pay

- o By law, there must be 5 or more rates of basic pay for the SES. Six SES pay levels (ES-1 through ES-6) have been established by the President under an Executive Order.
- o Rates of pay are established by the President, who may adjust them annually. In practice, adjustments have matched the annual comparability increases given to employees under the General Schedule. Adjustments are now based on a formula in an Executive Order.
- o The lowest SES rate cannot be below GS-16, step 1. The highest rate may not exceed the rate for level IV of the Executive Schedule.
- o Agency head sets basic pay of individual executives at one of the levels. An individual's pay can be moved upward any number of levels once a year, but downward only one level per year. Performance or other factors may be considered.

Performance awards for career executives (often called bonuses)

- o May be awarded annually as a lump sum payment up to 20% of basic pay. Minimum award of 5%. Amount of individual awards determined by agency head.
- o Fully Successful or higher rating of record is required.
- o Total performance awards payments in an agency are limited to the greater of 3% of the aggregate SES career payroll for the previous fiscal year; or 15% of the average annual rates of basic pay paid to career SES appointees in the agency during the preceding fiscal year.

Presidential rank awards for career executives

- o 5% of career executives government-wide may be given rank of Meritorious Executive during any fiscal year: \$10,000.
- o 1% may be given rank of Distinguished Executive: \$20,000.
- o Executive may receive same rank only once within 5-year period.
- o Agency nominates, OPM recommends, President awards. Executives' performance over a period of years taken into account.

Compensation limit

- o Combined basic pay, performance awards, rank awards, and physicians comparability allowance during a fiscal year may not exceed pay of Executive Level I; but any excess amount is paid at start of next fiscal year.

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Incentive awards

- o Lump-sum cash or non-monetary awards for special acts or services, suggestions and inventions.
- o Awards are not subject to the above compensation limit.

FEDERAL WAGE SYSTEM

Coverage

- o Positions involving trades, crafts, and laboring work.
- o Two major groups:
 - 450,000 appropriated fund employees of the Executive departments and agencies, employed mainly in DOD and VA, who are paid from funds authorized by Congress through the annual budget process.
 - 70,000 nonappropriated fund employees employed in Army and Air Force exchanges and motion picture service, Navy Ship's Stores Ashore and exchanges, Marine Corps and Coast Guard exchanges and Veterans Canteen Service who are paid from funds generated by charges for services rendered.

Pay Ranges

- o Each locality wage schedule covering non-supervisory employees consists of 15 grades.
- o Wage schedules for leaders (15 grades) and supervisors (19 grades) are derived from non-supervisory schedules.
- o Each pay grade has five step rates - each 4 percent apart - with the second step based on the prevailing wage in private industry.

Basic Pay

Locality Pay Setting.

- o 135 local wage areas throughout country for appropriated fund.
- o 141 local wage areas for nonappropriated fund.
- o OPM prescribes local survey parameters - DOD, VA and NASA conduct surveys, determine rates and issue schedules. The rates are applicable to all regular schedule employees working in that particular wage area. However, payment of the rates must be authorized by the head of each employing agency.
- o Wage schedules adjusted annually. Put into effect at different times of the year, e.g., October in D.C., April in Sacramento, California.
- o Unique labor-management relationship:
 - survey data collectors - 1/2 labor and 1/2 management, representing union and agency with most covered employees in wage area.
 - local level committees in each wage area (2 management members, 1 labor).
 - agency level committee at DOD, VA, and NASA Wage Fixing Authorities (3 management members, 2 labor); and
 - Federal Prevailing Rate Advisory Committee (11 members - 5 labor, 5 management and chairman appointed by OPM Director).
 - 5 USC 5343(c)(2) requires labor participation at all levels of the wage determination process. OPM has prescribed composition of data collection teams and the local and agency committees. 5 USC 5347(a) prescribes the composition of the Federal Prevailing Rate Advisory Committee.
- o Special rates and schedules may be authorized by OPM under exceptional circumstances. Currently there are 26 special schedules for about 70,000 employees (e.g., overseas, tipped employees, etc.) and special rates are authorized for about 50 employees (e.g., electrical linemen, meat cutters).

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- o OPM issues schedule for wage employees overseas. The overseas schedule is computed on the basis of a simple average of all the regular wage schedules in effect in the United States on December 31 of each year.

Within-Grade Increases

- o Takes a total of 6 years to reach the top step:
 - Second step = 26 weeks
 - Third step = 78 weeks
 - Fourth & Fifth steps = 104 weeks
- o Employee with performance rating of "Satisfactory", as determined by the head of the agency, automatically moves to the next higher step (a rating of "Fully Successful" is necessary for a GS employee to receive a within-grade increase). Regulations are being proposed which, if approved, would make the requirement for a "Fully Successful" rating applicable to Federal Wage employees also.

Performance Awards

- o Lump-sum cash awards based on performance - at agency discretion.

Incentive Awards

- o Appropriated fund employees are eligible for Incentive Awards.
- o Nonappropriated fund employees are excluded from coverage of the statutory Incentive Awards Program; however, the employing agencies may establish awards programs administratively.
- o Lump-sum cash or non-monetary awards for special acts or services, suggestions and inventions.